

RESOLUTION NO. 74511

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSÉ APPROVING THE ISSUANCE OF CITY OF SAN JOSÉ FINANCING AUTHORITY LEASE REVENUE COMMERCIAL PAPER NOTES IN AN AMOUNT NOT TO EXCEED \$63,000,000 FOR THE ADDITIONAL PURPOSE OF REFUNDING THE OUTSTANDING CITY OF SAN JOSÉ FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2002C (CIVIC CENTER PROJECT) AND TO PAY CERTAIN RELATED COSTS PURSUANT TO THE PREVIOUSLY ESTABLISHED CITY OF SAN JOSÉ LEASE REVENUE COMMERCIAL PAPER PROGRAM IN THE NOT TO EXCEED AGGREGATE AMOUNT OF \$116 MILLION, AND AUTHORIZING THE EXTENSION OF AND CERTAIN OTHER ADDITIONS AND CHANGES TO THE STANDBY BOND PURCHASE AGREEMENT RELATED TO THE SERIES 2002C BONDS WITH JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

WHEREAS, the City of San José (the “City”) and the Redevelopment Agency of the City of San José have heretofore entered into a Joint Exercise of Powers Agreement establishing the City of San José Financing Authority (the “Authority”) for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, the Authority has heretofore determined to adopt and implement a program under which the Authority will provide financing for certain public capital improvements for the City of San José; and

WHEREAS, on January 13, 2004, the governing board of the Authority (the “Board”), by Resolution No. SJFA-63, authorized the issuance of commercial paper notes in the aggregate principal amount of not to exceed \$98,000,000, designated “City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes” under and pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), and the Trust Agreement and the Issuing and Paying Agent Agreement (as such terms are defined in Resolution No. SJFA-63) (the “Commercial Paper Program”); and

WHEREAS, the Authority’s authorization of the issuance of the commercial paper notes under the Commercial Paper Program was for the purposes of assisting the City in connection with (i) the City’s acquisition and construction of a new offsite parking garage for the New City Hall; (ii) the City’s acquisition of

technology, furniture and equipment for the New City Hall; and (iii) City space planning needs, including the renovation or rehabilitation of the City's former main library, the existing City Hall and the Health Building; and

WHEREAS, the City, on January 13, 2004, adopted Resolution No. 71914, in order to approve, among other things, the issuance of commercial paper notes for the purposes described above; and

WHEREAS, subsequent to the establishment of its Commercial Paper Program, as described above, the Authority and the City took actions to authorize the issuance of taxable commercial paper notes and to expand the purposes of the Commercial Paper Program to assist the City in connection with the purchase, installation, and integration of computer software, software licensing, hardware and certain related costs related to the City's billing systems referred to as the "Integrated Utility Billing, Customer Service and Performance Management System"; and

WHEREAS, on November 15, 2005, the Board adopted its Resolution No. SJFA-72, to among other things, increase the not to exceed maximum aggregate principal amount of commercial paper notes under the Commercial Paper Program from \$98,000,000 to \$116,000,000 (the "Commercial Paper Notes"), and also to allow the additional use of the Commercial Paper Notes to finance the City's Central Service Yard Phase II Project, consisting of building and parking improvements to the City's Central Service Yard, and the City's Main Service Yard Project, consisting of the demolition of structures and clean up at the City's Main Service Yard in order to ready the Main Service Yard for sale; and

WHEREAS, on November 15, 2005, the City Council adopted its Resolution No. 72974, to approve, among other things, the issuance of the Commercial Paper Notes under the Commercial Paper Program in the not to exceed maximum aggregate principal amount of \$116,000,000 and to approve the additional use of the Commercial Paper Notes to finance the City's Central Service Yard Phase II Project, consisting of building and parking improvements to the City's Central Service Yard, and the City's Main Service Yard Project, consisting of the demolition of structures and clean up at the City's Main Service Yard in order to ready the Main Service Yard for sale; and

WHEREAS, the City later requested that the Authority allow the additional use of the Commercial Paper Program in order to assist the City with the funding of the capital improvements to the HP Pavilion and to pay certain related costs; and

WHEREAS, on May 22, 2007, the Board adopted its Resolution No. SJFA-74, to among other things, allow the additional use of the Commercial Paper Program

in order to issue taxable Commercial Paper Notes to finance capital improvements to the HP Pavilion and to pay certain related costs; and

WHEREAS, on May 22, 2007, the City Council adopted its Resolution No. 73775, to among other things, approve the additional use of the Commercial Paper Program in order to issue taxable Commercial Paper Notes to finance capital improvements to the HP Pavilion and to pay certain related costs; and

WHEREAS, the City has now requested that the Authority allow the additional use of the Commercial Paper Program in order to refund the outstanding City of San José Financing Authority Lease Revenue Bonds, Series 2002C (Civic Center Project) (the "Series 2002C Bonds") and to pay certain related costs; and

WHEREAS, a public hearing under Section 6586.5 of the Act has been previously held regarding the issuance of debt by the Authority to finance the Civic Center Project; and

WHEREAS, on June 3, 2008, and June 24, 2008, the City Council and the Board approved the issuance of the City of San José Financing Authority Lease Revenue Bonds, Series 2008 ABCDEF ("Refunding Bonds") for the purpose of refinancing certain capital improvements financed with variable rate lease revenue bonds or Commercial Paper Notes issued by the Authority; and

WHEREAS, the purpose of the Series 2008A Bonds (Civic Center Refunding Project) (the "Series 2008A Bonds") is to refund the Series 2002C Bonds; and

WHEREAS, the issuance of additional Commercial Paper Notes to provide interim financing to refund the Series 2002C Bonds may be necessary due to potential delays in the issuance of the Series 2008A Bonds; and

WHEREAS, the Commercial Paper Notes issued to refund the Series 2002C Bonds (Civic Center Project) are expected to be redeemed from proceeds of the Series 2008A Bonds upon closing of the Series 2008A Bonds which is anticipated to occur during the month of July 2008; and

WHEREAS, the Standby Bond Purchase Agreement, dated as of November 1, 2002, as amended, by and among the Authority, City, and JPMorgan Chase Bank, National Association (the "SBPA"), is the liquidity facility for the Series 2002C Bonds and which expires on June 28, 2008; and

WHEREAS, the parties to the SBPA desire to extend its term and make certain other additions and changes to the SBPA in connection with the interim financing plan discussed herein; and

WHEREAS, the City has duly considered such transaction and wishes at this time to approve said transaction in the public interests of the City;

NOW, THEREFORE, BE IT RESOLVED, by the City of San José that:

SECTION 1. The City Council hereby approves the issuance of Commercial Paper Notes by the Authority for the purposes of refunding the outstanding Series 2002C Bonds and to pay certain related costs pursuant to and in accordance with the terms governing the Commercial Paper Program as more fully set forth in Resolution No. SJFA-72 of the Authority and in Resolution No. 72974 of this City Council, provided that the aggregate total principal amount of the Commercial Paper Notes outstanding under the Commercial Paper Program does not exceed \$116,000,000. The City Council further determines that there will be significant public benefits accruing from such refinancing, consisting of demonstrable savings in effective interest rates and financing costs.

SECTION 2. The City Council hereby authorizes the City Manager or the City Manager's authorized designees (each, a "Designated Officer"), to negotiate and execute an amendment to the SBPA with JPMorgan Chase Bank, National Association in order to extend the term of the SBPA and to make such additions thereto and changes therein, as described in the memorandum to the City Council and the Authority Board, dated June 11, 2008, related to the proposed amendment to the SBPA, and as the Designated Officer shall deem necessary, desirable, or appropriate upon consultation with the City Attorney, the execution of which by the City shall be conclusive evidence of the approval of any such additions or changes. The City Council hereby authorizes the performance of its obligations under the SBPA, as amended.

ADOPTED this 24th day of June 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,
NGUYEN, OLIVERIO, PYLE, WILLIAMS; REED.

NOES: NONE.

ABSENT: CONSTANT.

DISQUALIFIED: NONE.

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk